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### Paul Votes for Pension and Retirement Tax Reform *Legislation Will Encourage Increased Contributions to Tax Deductible IRAs and Tax-Deferred Pensions*

Washington, D.C.- Congressman Ron Paul voted Wednesday to support H.R. 1102, the "Comprehensive Retirement Security and Pension Reform" bill. The bill, approved by the House, increases the amount individuals may contribute to their IRA and 401(k) accounts, while enhancing pension "portability" so that workers can take their pensions with them when they change jobs. Specifically, deductible IRA contribution amounts are raised from the current \$2,000 in annual \$1,000 increments until 2003. Beginning in 2004, IRA contributions are indexed in \$500 increments. Similarly, contributions to 401(k) and like pension plans are raised from the current \$10,000 in \$1,000 increments until 2005, when further increases are indexed in \$500 increments. Pension portability is made easier by relaxing the "roll-over" rules, which dictate the time in which individuals may make a tax-free transfer of their pension savings as the result of a job change. "Taken together, these increases represent a positive step in the right direction toward tax cuts and increased private retirement saving" Paul stated. "I have co-sponsored legislation which would increase the contribution amounts faster, but I strongly support the tax relief contained in the present bill. American taxpayers will be able to reduce their income tax bill immediately with an increased IRA contribution, while putting more of their paycheck into their tax-deferred pensions." In 1999, Congressman Paul introduced H.R. 802, a bill that would immediately raise the annual deductible IRA contribution amount to \$5,000. He also co-sponsored bills in 1999 that would allow a tax credit for contributions to IRAs and broaden penalty-free withdrawals from IRAs. "Our tax laws generally discourage private saving" Paul said. "My pension reform proposals have focused on increasing saving by increasing the tax deductions and tax deferrals available to individuals. We can encourage retirement saving simply by allowing employees to put more of their paychecks into IRAs and pension funds, instead of sending taxes to the federal government."

